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R. J. Reynolds Tobacco Company

WINSTON-SALEM, N. C.

FINANCIAL STATEMENT

DECEMBER 31, 1928.

Winston-Salem, N. C., January 14, 1929.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:—

The Financial Report of your Company, at the close of business December 31, 1928, is hereby submitted.

Net Earnings for the year 1928, after deducting all charges and expenses of management, and after making provision for Interest, Taxes (including Federal and State Income Taxes), Depreciation, Advertising, etc.	$ 30,172,563.17

DEDUCT

Four quarterly dividends of $1.25 each and one extra dividend of $1.50 per share	26,000,000.00
Balance carried to Undivided Profits	4,172,563.17

ADD

Undivided Profits December 31, 1927	40,696,774.85
Total Undivided Profits December 31, 1928	$ 44,869,338.02

FINANCIAL STATEMENT

DECEMBER 31, 1928.

ASSETS

CURRENT		
Cash	$ 14,958,877.30	
U. S. Treasury Certificates	12,000,000.00	
Accounts Receivable (net) for merchandise sold	11,222,163.65	
Leaf Tobacco, Supplies, Manufactured Product	97,595,012.34	$ 135,776,053.29
OTHER ASSETS		
Real Estate, Buildings, Machinery, Fixtures	$ 24,694,177.48	
Less Depreciation, Obsolescense, etc.	8,146,122.46	16,548,055.02
Investments in Non-Competitive Companies, etc.	945,612.69	
Bills and Notes Receivable	211,305.10	
Other Accounts Receivable	2,287,666.39	
Brands, Trade-Marks, Good Will	1.00	
Prepaid Expenses	491,606.86	20,484,247.06
		$ 156,260,300.35

LIABILITIES

CURRENT		
Accounts Payable	$ 3,777,139.14	
Accrued Taxes and other Accrued Accounts	5,762,683.75	$ 9,539,822.89
RESERVES		
Contingencies		1,851,139.44
CAPITAL ACCOUNT		
Common Stock	10,000,000.00	
New Class B Common Stock	90,000,000.00	
Undivided Profits (after deduction of dividends payable January 1, 1929)	44,869,338.02	144,869,338.02
		$ 156,260,300.35

Respectfully,
R. D. SHORE, Treasurer.

WE HEREBY CERTIFY that we have examined the books of account and record of R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C., at December 31, 1928, and it is our opinion that the above statement shows the true financial condition of the Company at the date stated, and that the accompanying Analysis of Undivided Profits Account is correct. Inventories of Leaf Tobacco, Supplies, Manufactured Product and Investments are valued at cost as in former years. As far as we could ascertain there were no contingent liabilities and we were informed none existed.

ERNST & ERNST,
Certified Public Accountants.